

Message Text

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FM AMCONSUL MELBOURNE

TO SECSTATE WASHDC 3410

INFO AMEMBASSY CANBERRA

AMCONSUL SYDNEY

AMCONSUL BRISBANE

AMCONSUL PERTH

AMEMBASSY WELLINGTON

AMEMBASSY PORT MORESBY

CINCPAC

AMEMBASSY LONDON

USMISSION GENEVA

UNCLAS MELBOURNE 0875

CINCPAC FOR POLAD

E O 11652 N A

TAGS ELAB, AS

SUBJ: STAGE SET FOR INDUSTRIAL RELATIONS SHOWDOWN FEATURING

FRASER GOVT, ACTU, EMPLOYERS AND ARBITRATION COMMISSION

1. PRIME MINISTER FRASER DELIVERED 15 MINUTE ADDRESS ON NATIONAL TV EVENING OF MAY 17 IN WHICH HE DISCUSSED MAJOR ASPECTS OF OVERALL STRATEGY HIS GOVT HAS DECIDED TO PURSUE IN EFFORTS TO COPE WITH INFLATION AND OTHER ECONOMIC PROBLEMS. IN PARTICULAR HE DISCUSSED PLANS TO SLASH GOVT SPENDING, TO INTRODUCE MEDIBANK LEVY AND TAX INDEXATION AND TO PROVIDE MORE ADEQUATELY FOR COUNTRY'S POOR AND DISADVANTAGED. TOWARD CONCLUSION HE ANNOUNCED HE HAD ASKED EMPLOYMENT AND INDUSTRIAL RELATIONS MINISTER STREET TO HOLD DISCUSSIONS WITH ACTU AND LEADING EMPLOYERS' ORGANISATIONS FOR PURPOSE OF DETERMINING IF "ACTU WOULD BE PREPARED IN THE LIGHT OF OUR POLICY ANNOUNCEMENT TO MODIFY ITS ATTITUDE TOWARD WAGE POLICY."

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2. WHILE TREASURER LYNCH SCHEDULED TO ANNOUNCE DETAILS OF PRIME MINISTER'S PROPOSALS ON MAY 20 NEWSPAPERS REPORTED MAY 18 THAT GOVT SOURCES HAD ALREADY MADE IT CLEAR THAT FULL TAX INDEXATION WOULD BE INTRODUCED BEGINNING JULY 1.

3. RESPONDING TO PRIME MINISTER'S ADDRESS FROM SYDNEY WHERE ACTU EXECUTIVE HAD JUST BEGUN FIVE DAY ANNUAL MEETING ACTU PRESIDENT HAWKE RAISED SUBJECT OF GOVT'S PROPOSAL TO SUPERVISE UNION ELECTIONS AND SAID ON TV. "YOU CANNOT LEGITIMATELY EXPECT THE TRADE UNION MOVEMENT TO COME AND TALK TO THIS GOVERNMENT IF IT IS GOING TO HAVE A DISCRIMINATORY ATTITUDE TOWARDS US.....IF THE GOVERNMENT WILL PUT ASIDE THIS DISCRIMINATORY LEGISLATION, THEN WE WILL TALK TO THEM." HAWKE ALSO SAID UNIONS WOULD CONSIDER TAX INDEXATION AS POSSIBLE OFFSET TO CONCESSIONS ON WAGES ONLY IN CONTEXT OF ADDED BURDEN OF MEDIBANK LEVY.

4. WITH ARBITRATION COMMISSION DECISIONS ON SUCH BASIC AND CONTROVERSIAL QUESTIONS AS FUTURE OF WAGE INDEXATION AND WHETHER OR NOT TO GRANT FULL 3 O/O CPI WAGE INCREASES FOR FIRST QUARTER OF 1976 STILL PENDING, STAGE APPEARS SET REGARDLESS OF WHAT COMMISSION DECIDES (SINCE IT CANNOT POSSIBLY SATISFY EVERYBODY) FOR SERIOUS CONFRONTATION BETWEEN GOVT AND EMPLOYERS ON ONE HAND AND TRADE UNIONS ON RANGE OF BASIC ISSUES.

5. PRESS COMMENT ON PRIME MINISTER'S ADDRESS HAS RANGED FROM MIDLY FAVORABLE E.G. SO FAR SO GOOD, TO FRANKLY SKEPTICAL WITH SOME OBSERVERS QUESTIONING WISDOM OF ANNOUNCING TAX INDEXATION WITHOUT WAITING FOR ARBITRATION COMMISSION TO ANNOUNCE DECISION ON WAGE INDEXATION OR WITHOUT FIRST ELICITING WAGE CONCESSIONS FROM TRADE UNIONS.

6. HAWKE'S DECISION TO USE PRIME MINISTER'S ADDRESS AS BASIS FOR DRAMATIZING ACTU'S POSITION ON HIGHLY CONTROVERSIAL UNION BALLOT ISSUE VIA NATIONAL TV WAS VERY SHREWD. FOLLOWING DAY HE WAS ABLE TO ANNOUNCE HE HAD BEEN INFORMED THAT GOVT WOULD PUT ASIDE ITS BALLOT LEGISLATION IN INTERESTS OF SCHEDULING TALKS. PURCELL

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